

## Message Text

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PAGE 01 STATE 084110

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DRAFTED BY: EA/IMS: AWNOONAN

APPROVED BY: EA/IMS: TJCHEAVNER

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R 021906Z MAY 74

FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK

C O N F I D E N T I A L STATE 084110

FOLLOWING REPEAT STATE 084110 ACTION JAKARTA 24 APR 74

QTE

C O N F I D E N T I A L STATE 084110

E.O. 11652: GDS

TAGS: ATRN, CPAS, APER, ID

SUBJECT: GOI BAN ON AUTOMOBILE IMPORTS

REF: A) JAKARTA 4779 B) JAKARTA 4657

1. DEPARTMENT INCREASINGLY DISTURBED BY APPARENT IN-  
ABILITY OF GOI TO RESOLVE WHAT APPEARS HERE TO BE  
RELATIVELY SIMPLE BUREAUCRATIC PROBLEM. WE DO NOT RPT NOT  
UNDERSTAND WHY GOI SHOULD NOT BE ABLE TO FRAME AND  
IMPLEMENT REGULATIONS WHICH WOULD DIFFERENTIATE BETWEEN  
ITS OWN CITIZENS AND OFFICIALS OF FOREIGN MISSIONS. THIS  
FAILURE ALL THE MORE PERPLEXING IN THAT IT SEEMS TO RUN  
DIRECTLY COUNTER TO CLEAR GOI INTEREST IN OBTAINING  
MAXIMUM FOREIGN ASSISTANCE.

2. AS REGARDS SUDHARMONO'S SPECIFIC COMMENTS (REF A), WE  
DO NOT RPT NOT REGARD PURCHASE OF LOCALLY ASSEMBLED  
VEHICLES TAX FREE AS ACCEPTABLE SOLUTION.

3. WE UNDERSTAND FROM WITTE THAT UNDP REP WILL RAISE  
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PAGE 02 STATE 084110

PROBLEM IN OPEN SESSION AT IGGI, SINCE IT IMPINGES SO

DIRECTLY ON ABILITY OF DONORS TO CONTINUE TO PROVIDE ASSISTANCE. WE PLANNING TO AT LEAST DISCUSS SUBJECT IN PRIVATE WITH WIDJOJO IN AMSTERDAM.

4. IF AS HINTED IN TOUSSAINT/HEAVNER TELCON APRIL 24 SUBORDINATE OFFICIALS ARE AFRAID TO RAISE MATTER OF EXCEPTIONS WITH SUHARTO, AND ONLY SUHARTO CAN MAKE SENSIBLE DECISION, EMBASSY AUTHORIZED TO RAISE SUBJECT AT THAT LEVEL, IF IT DEEMS APPROPRIATE.

5. FOLLOWING ARE SPECIFIC COMMENTS ON VARIOUS EXPEDIENTS SUGGESTED BY EMBASSY OR GOI:

A. IMPORTING CARS IN THE AMBASSADOR'S NAME. TO OUR KNOWLEDGE, THERE IS NO U.S. LAW OR REGULATION PROHIBITING THIS, AND INDEED THERE ARE INSTANCES, E.G., IN GUINEA, WHERE FOOD SUPPLIES ARE IMPORTED THIS WAY. IT SEEMS TO US, HOWEVER, THAT LICENSING AND INSURING ARRANGEMENTS WOULD MAKE THIS A VERY UNWIELDY PROCEDURE IN THE CASE OF AUTOMOBILES.

B. PROVISION OF CARS BY THE USG. ASIDE FROM OBVIOUS FUNDING PROBLEMS, FEDERAL PROCUREMENT REGULATIONS REQUIRE THE USE OF TENDERS FOR EMBASSY PURCHASE OF AUTOMOBILES. HOWEVER, EXCEPTIONS HAVE BEEN MADE IN OTHER COUNTRIES WHERE UNUSUAL CIRCUMSTANCES WARRANT.

C. PUTTING ALL PERSONNEL ON THE DIPLOMATIC LIST. INCLUSION ON THE DIPLOMATIC LIST IS A MATTER TO BE WORKED OUT BETWEEN THE EMBASSY (CHIEF OF MISSION - 3 FAM 616.2) AND THE HOST GOVERNMENT. THE USG DOES NOT REQUIRE THAT US PERSONNEL POSSESS EITHER DIPLOMATIC PASSPORTS OR TITLES IN ORDER TO BE INCLUDED IN THE DIPLOMATIC LIST OF A HOST COUNTRY (ALTHOUGH A DIPLOMATIC PASSPORT PLUS AN A-1 VISA ARE AMONG THE REQUIREMENTS WE IMPOSE BEFORE INCLUDING FOREIGN NATIONALS ON OUR DIPLOMATIC LIST). IN SOME INSTANCES FUNCTIONAL TITLES SUFFICE. U.S. DIPLOMATIC TITLES ARE NOT GRANTED FOR THE PERSONAL, SOCIAL OR FINANCIAL BENEFIT OF PERSONNEL IN THE FOREIGN SERVICE (3 FAM 611.3). ISSUANCE OF DIPLOMATIC PASSPORTS IS CONFIDENTIAL

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PAGE 03 STATE 084110

LIMITED TO PERSONNEL ON DIPLOMATIC ASSIGNMENT AND THEIR DEPENDENTS (22 CFR 51.3).

D. TAX-FREE PURCHASE OF CARS IN INDONESIA MIGHT SAVE SOME TRANSPORTATION CHARGES (FOR EITHER THE USG OR THE INDIVIDUAL). HOWEVER, THIS SOLUTION IS AVAILABLE ONLY TO THOSE PURCHASING A NEW CAR; IT RESTRICTS THE INDIVIDUAL'S CHOICES; AND IT COULD PRESENT PROBLEMS FOR

AN OWNER WHO IS TRANSFERRED TO ANOTHER POST WHERE LEFT-HAND DRIVE IS THE RULE. AN EXEMPTION FROM GENERAL USG PROHIBITION ON PAYING FREIGHT TO RETURN EMPLOYEE'S FOREIGN-MADE CARS TO US CAN BE ARRANGED, IF THE EMBASSY REQUESTS.

6. REGARDING PRACTICES AT OTHER POSTS (REFTEL B, PARA 8), BURMA LIMITS DUTY FREE IMPORT OF CARS TO THOSE ON ITS DIPLOMATIC LIST. IN BAROA THOSE NOT ON LIST, WITH OR WITHOUT DIPLOMATIC PASSPORTS, RENT OR UNDER CERTAIN CIRCUMSTANCES USE EMBASSY VEHICLES. MEXICO LIMITS IMPORTATION OF CARS TO MODELS SIMILAR TO THOSE MANUFACTURED LOCALLY. RESALE PERMITTED ONLY TO PRIVILEGED PERSONNEL. CARACAS PERMITS IMPORTATION OF ANY MODEL BY ACCREDITED PERSONNEL, BUT IF MODEL NOT MANUFACTURED LOCALLY, IT MUST BE RE-EXPORTED. STAFF PERSONNEL MAY IMPORT ONLY MODELS MANUFACTURED LOCALLY, AND THESE MUST BE RE-EXPORTED. WITH THE EXCEPTION OF SOME LIMITS ON THE NUMBERS OF CARS WHICH MAY BE IMPORTED AT SOME AF POSTS, WE ARE NOT AWARE OF ANY OTHER RESTRICTIONS AT ANY OTHER POST. WE HAVE NO FREE-ENTRY PROBLEMS IN INDIA, OR WITH ANY GOVERNMENT IN EUROPE.

7. LEGAL ASPECTS OF AGREEMENTS (REFTEL A, PARAS 4 AND 6) STILL UNDER STUDY HERE. KISSINGER UNQTE RUSH

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